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OFFICE OF AUDIT
U.S. DEPARTMENT
OF AGRICULTURE

NINE / NINE

“... today is the father of tomorrow.”



LEONARD H. GREESS
Director

We are all participating in the launching of a new organization—the Office of Audit.

While we are carrying over many of our predecessor organization's policies and procedures to meet immediate operating needs, this is a time that calls for a fresh look—a fresh resolve—and dedication to success.

But before *we* can achieve success as an organization, *you* must achieve success as an individual. Getting the job done is an individual effort before it is a collective or group effort.

It is

- your individual industry
- your creativity
- your understanding
- your judgment
- your care
- your integrity—that are important.

There is no collective mind that can be stimulated, for each of you sees with his own eyes—hears with his own ears—and interprets with his own intellect. There can be, however, a collective will; a collective will develops when enough people believe in the same thing at the same time. At this moment we must believe in the importance of our mission and plunge ahead to tackle the giant tasks that are before us. We must believe in excellence and direct our energies toward developing the talent to achieve it. We must be enthusiastic and persevere in solving the problems that beset us.

If enough of us adopt and pursue these beliefs, if we act out of inner conviction, then we *will* have a collective will and realize collective accomplishments.

What the Office of Audit will be tomorrow is being decided, to a great extent, right now by the spirit and the attitudes we exhibit. Let's believe in ourselves with a will that carries its firm purpose to others. If we do, we cannot help but succeed as individuals and as an organization.

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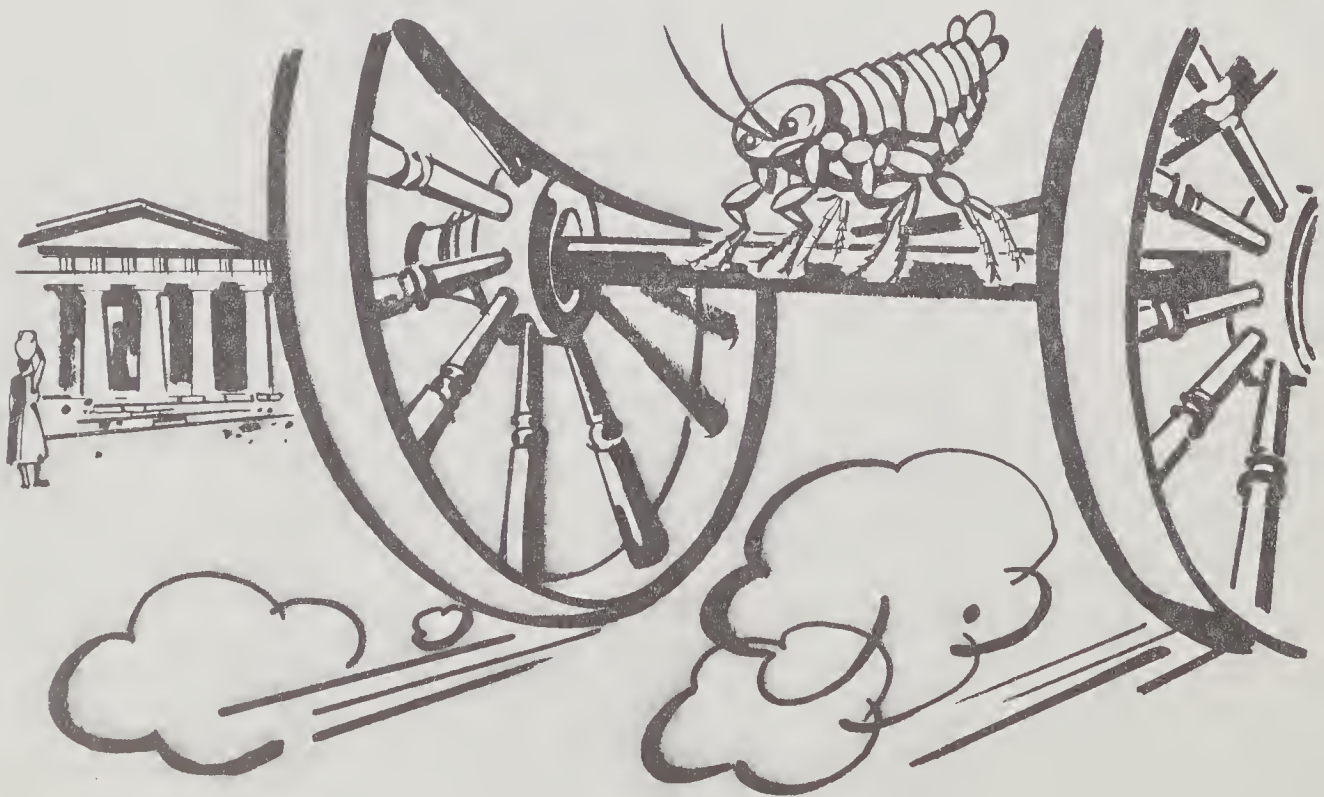
AESOP'S FLEA

There is a myth that explains economic events by means of whatever highly visible happening occurred immediately prior to or concurrent with the event in question. There are limits to the effectiveness of this myth. Most people refused to believe that the Great Depression was caused by sun spots, though this was put forward as one of the explanations. It stretched credulity a bit too much. Nevertheless, the willingness to accept superficial explanations is quite strong.

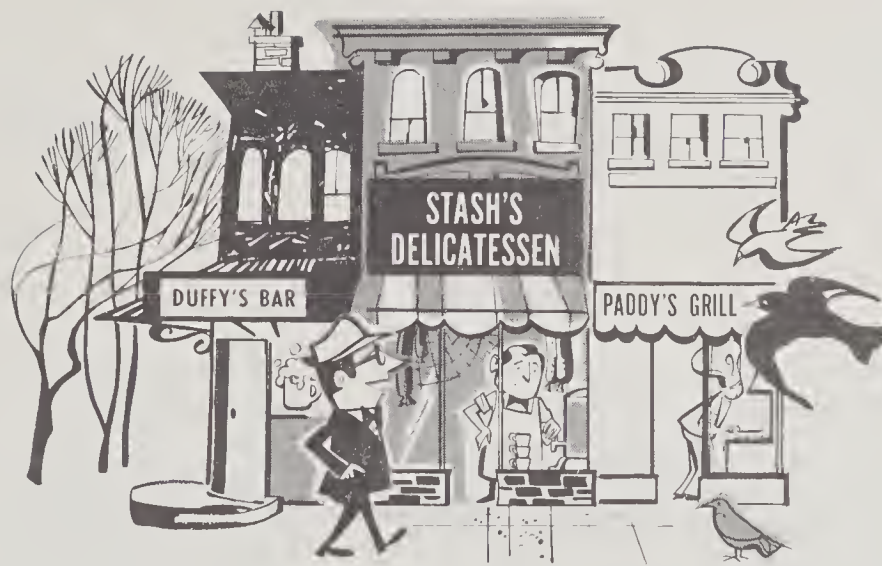
The myth is based on a fallacy known in logic as the "post hoc error." The label comes from a Latin phrase that describes this form of wrong reasoning: post hoc, ergo propter hoc, "After this, and, therefore, because of this." The Latin form is evidence that the error goes back a long way. This is the form of reasoning that leads the rooster to think that his crowing causes the sun to rise, or Aesop's flea to exclaim, as he rides the chariot's axle, "What a dust do I raise!"

How often will one be correct in attributing causation to whatever agent is most readily at hand?

(Slightly paraphrased from GREAT MYTHS OF ECONOMICS by Don Paarlberg—The New American Library, Inc., 1968. Dr. Paarlberg currently serves as Director, Agricultural Economics, USDA.)



LIGHT AND LIVELY



HOW NOT TO RUN A POLISH DELICATESSEN

For those of us not gifted in mathematics, $32\frac{1}{2}$ miles per hour is precisely $7\frac{1}{2}$ miles per hour more than 25 miles per hour. What's so significant about that? Let Stan Rymsza (pronounced exactly the way it's spelled) tell you.

At the close of an exit discussion at which a fair sized overclaim was discussed, the auditee asked if I would be headed back home and then volunteered a short cut to the highway. Leaving the office, I followed directions and found myself on a nice wide street in a well-kept residential section. There was no traffic to speak of and driving along, thinking of the trip home, I suddenly noticed a police officer standing on a curb motioning for me to pull over. As I stopped, the officer asked to see my driver's license. As I handed it to him, I asked what I had done. He replied that I was going $32\frac{1}{2}$ miles per hour in a 25 mile per hour zone. I asked how he could tell that by standing on the curb. He pointed out two cars parked about a block back and said they contained timing devices which recorded my speed in a police car just around the corner. After I received the ticket I drove a bit, then returned to the scene—no police car or officer. Any auditor can draw one or more conclusions from this set of facts. I'll content myself with this—some short cuts are expensive. Or, in the words of an old Polish proverb: He who walks in the tracks of an elephant will never make a good carpenter.

Harrisburg, Pennsylvania's George Cavanaugh is more interested in Webster's world. Here he provides you with a new definition for moonlighting.

A critical part of any audit is field testing to determine the extent to which data in the records are reliable. As it applies to farmer programs, this often means a visit to participating farms for independent verification of reported data or appraisal of various phases of the farming operation as it relates to the Department's programs under review. As any auditor who has ever made a farm visit knows, it can sometimes be a challenging experience as one auditor found out during an FHA audit in the summer of

1973. Part of the audit involved evaluating the effect, if any, that a loss in hay quality had upon dairy farmers who reported such losses as the basis for eligibility for emergency loan funds. One important step was to determine if additional feed was purchased to make up for the purported poor quality of the hay. In this instance, the auditor set out early one morning to visit one such borrower. Upon arriving at the farm, he found the farmer cutting hay. Realizing it was not advantageous to disrupt the haying, the auditor made arrangements to return later that evening. The farmer assured him the necessary documents would be readily available for his review.

Upon his return, the auditor found that because of a lack of storage facilities, the farmer's customary practice was to buy a small amount of feed every other day. This meant reviewing hundreds of invoices to find out how much feed was purchased. Determined to get the data he needed, the auditor began to tabulate the figures under the light of a single unshaded light bulb suspended from the center of the kitchen ceiling. Time passed quickly, and before he realized, it was nearly 11:30 p.m. before the task was completed. One final step was to determine if the size of the farmer's herd had remained the same after the disaster, and to get the farmer's reaction to the tabulations. The farmer, he was told, was in the barn milking the cows. With a look of surprise, the auditor made his way, by the light of the moon, to the barn only to find that three cows still had to be milked. Again, not wanting to disrupt the operation, the auditor waited for the farmer to finish milking. Finally, after what seemed like an eternity, the last stainless steel kettle used to carry the milk to the holding tank after it was drawn from the cow, was cleaned and put away signaling the milking operation was about to come to an end. It was midnight when the auditor finally left the barn with the last bit of information—information he was determined to get and which later proved to be effective in causing

important changes to be made in emergency loan regulations. Yes, persistence pays off. I know because I was also in that dairy barn at midnight on that day.

As you might expect, investigators have a better alternative to hanging around barns until midnight watching a farmer milk his cows.

The price of beef may have gone up and some cuts of meat are hard to find, but we recently found an abundance of ham among our investigators and the price was right. Carol Houtz—the little lovely from the Executive Assistant's shop and Inspector Sig Zeitlin from Inspections and Special Projects were drafted to show off their thespianic talents at the orientation school for new hires which was conducted at the Charter House in Alexandria. Zeitlin wasn't bad but when Carol took over, all the potential agents dropped their options and Carol was awarded the Oscar. Special Agent Gordon Brown and Bob Bramhall of Headquarters' staff, temporarily departed from their rolls as instructors and joined in.

The more than fifteen interviews with members of the class were shown to the group over closed circuit television. Afterward, the cast was introduced to the group who were most impressed with their potential as future fact-finders.

If you are still with us and are wondering what all this has to do with running a Polish delicatessen, we'll pass along our friend Stash's first principle: Never locate it in an Irish neighborhood.

Having the last word, this Irishman can come up with only two weak thoughts. He thinks he's been had and he can't come up with an old Irish proverb to cover the situation.

(Collaborating on this article: Stanley I. Rymsza, Headquarters' Staff, Operations, OA; George Cavanaugh, Supervisory Auditor, Harrisburg, Pa. Suboffice; and Sigmund P. Zeitlin, Headquarters' Staff, Inspections and Special Projects, OI.)

—The Editor

UNIQUE OPPORTUNITY

If you like people and are concerned about our country's natural resources, here's a tailor-made opportunity for you. Get involved as a volunteer in the National Forests. The Forest Service and its volunteer program (the result of special legislation passed by Congress in 1972) has something for almost everyone. Apply at any Forest Service office in your local area.

Volunteers are limited only by their willingness to serve. However, such services must also benefit a Forest Service activity. You may work full time or only a few hours or days each week. A volunteer may also contribute a "one time" service.

A volunteer may be working with National Forest staff specialists in resource protection and management, cooperative forestry, or research. There are many opportunities in each of these major areas where your talents and concerns can be utilized.

You may be working at a Visitor Information Center conducting interpretive natural history walks and auto tours. You may appear in a campfire historical presentation. Or you may work behind the scenes—writing or editing interpretive stories in the library. Maybe you know a lot about a particular subject which you could tell to forest visitors. You may have the opportunity to assist in forest fire protection activities. Perhaps you would like to be involved with a youth program and teach the members about our environment.

This program can use just about everyone—retirees, professionals, housewives, students, teenagers and youngsters. (Those under 18 need written consent from his or her parent or guardian.) Students may wish to volunteer for work in many parts of the country to earn college credits, based on agreements between their colleges and the Forest Service.

While you will not be a Federal employee, per se, and will serve without any monetary gain, there are a wealth of other compensations. And you would be protected in case you cause personal injury or property damage, or suffer personal injury, while working within the scope of your agreement with the Forest Service.

TURN YOURSELF ON

*"He is not only idle who does nothing,
but he is idle who might be better employed"*
... Socrates

This article is about what can happen to individuals when they become exposed to—participate in—and are stimulated by professional, civic and social organizations. It is about the ways in which an individual can respond to the need for continued professional development or fail to respond. It is about those who strive to attain excellence by bettering themselves—who derive much satisfaction and reward from becoming a more learned person, as well as those multitudes of others who resist or seek flight from any opportunity to improve themselves. It is about professional, civic and social organizations and the developmental benefits they can generate. It is about you and me.

BACKGROUND

In recent years, professional employees and their organizations have become acutely aware of the need to grow professionally. This is evidenced by the increased emphasis, in terms of time and dollars, being devoted today by government and private industry to various aspects of employee development: formalized training programs; career counseling sessions; cost-sharing plans for outside educational courses; in-house training sessions, etc. For example, the Office of Audit expended 30 percent more mandays in its developmental efforts this past fiscal year, than it did five years earlier.

Despite these efforts, however, we must recognize that the professional development of any individual rests primarily upon the effort of that individual. No employer should be expected to insure the continued development of its employees. But, it can provide the means through which the employee may, in part at least, continue his professional growth. The rest is really up to the individual as to whether he will be sufficiently motivated to seek personal growth beyond that made available by his employer. In the final analysis, the individual, in my view, must bear the burden of pursuing his own professional development.

This is where professional, civic and social organizations play a most important role. They afford an individual unique developmental opportunities found nowhere else. Most importantly, these organizations provide opportunities to experiment, test and improve your managerial style, concepts, and approaches. What sets these opportunities apart from others made available elsewhere is knowing that errors and mistakes you make—and they are bound to happen when you are being creative and trying new theories—cannot be used in assessing your on-the-job performance from which you derive your livelihood. That is not to say that creativity on the job is bad. What is meant is that your on-the-job performance can be improved as a result of developmental experiences gained from participation in these organizations.

For years, I have been convinced that more learning takes place outside the classroom than in it and, I believe, this will always be the case. Unless, of course, Alvin Toffler's forecasted future shock waves turn society into an incubator-like classroom or a computer bank of programmed human beings. Along these same lines, I believe it necessary for professionals to take the time and effort to periodically re-examine their achievements and contributions to their own professions. This should go hand-in-hand with the establishment and updating of a career-long plan of development and learning.

YOU AND ORGANIZATIONS

There's no better way to realize these goals than participating—or better yet, holding positions of responsibility—in professional, civic and social organizations. Participation as either a member, officer or director is both educational and functional. You learn, among other things, the value of teamwork and how to coordinate activities for the benefit of the group as a whole. For many of you, participation could serve as your first exposure to managerial responsibilities in organization planning and performance, involving a sizeable number of

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people. This, for example, could include assisting in carrying out policies and instructions from various committees, boards of directors or the organization’s National Office. You could also be involved with research, publications, technical programs and other on-going educational efforts.

Some of you might benefit from the experiences gained in the practical procedures for assuring smooth operation of conferences and meetings. Others of you could develop or improve upon skills in the areas of: leadership, organization, planning, public speaking, communication, decision-making, problem solving and many others too numerous to mention. All of these acquired or improved upon skills can subsequently be applied to considerable advantage in your day-to-day activities.

PERSONAL EXPERIENCES

I would like to share with you my own personal experiences with professional, civic and social organizations as a means of illustrating how you, too, can benefit from active participation. I know, because I’ve been there. It has worked successfully for me and I have seen it work with marked effectiveness on others. Let me point out that my participation has ranged from being a regular member without organizational responsibilities—other than attending meetings—to President saddled with considerable pressures and responsibilities. The type of organization involved has pretty much run the gamut: from, for example, two-time President of the Columbus, Ohio, Chapter of the Federal Government Accountants Association, to Director of a Little League Baseball Program to President of a Homeowners Civic Association. Though each of these three organizations possessed different missions, all were able to contribute in some way to my professional growth. Listed below, by way of illustration, are ten general experiences I gained through active involvement with these organizations—experiences which can also enrich you professionally—should you seek out and join these outside activities!

- Developed Annual Program of Organizational Objectives
- Managed Organizational Budget (including Fiscal and Program Accountability)
- Presided over Meetings, Seminars, Debates, Panel Discussion and Hearings
- Organized and appointed members to various committees
- Participated in development of specifications for construction contracts; approved and awarded same
- Participated in research and education programs
- Wrote newsletters, publications, memorandums and by-laws
- Established organizational procedures and operating policies
- Prepared financial reports to membership
- Coordinated, directed, led and motivated membership and related organizational activities

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MY ON-THE-JOB PERFORMANCE”

The single most pronounced aspect of these experiences is that they were tried, tested and where they failed, re-evaluated and tested again. This was done without having any adverse impact on my on-the-job performance as a professional auditor and subsequently as an audit manager. Today, I can say with pride that I enjoy the privilege of knowledge, confidence, expertise and competence in these critical areas of an auditor's performance. These qualities were not handed to me on a silver platter, nor gained from training and developmental activities sponsored or made available by my employer. They were obtained and improved upon through active participation in worthwhile outside activities.

TYPICAL PROFESSIONAL WEAKNESS

As we are all so well aware, written and oral communications are most critical and acutely important to an auditor's professional career development. Communications has been briefly defined as behavior that results in an exchange of meaning. Words, facial expressions, gestures, bulletin boards, staff meetings are all examples of communications—something a person does which transmits feelings, facts and ideas to someone else. And how important these facial expressions can become during entrance and exit conferences!! They provide the auditor with a means of assessing and preparing for an auditee's reaction before he begins to verbally express his views.

How often have you heard your colleagues or subordinate employees respond to a request for a speaking assignment or to chair a seminar or to take the lead in an open discussion by indicating: “I really can't, I've never done it before, besides it makes me awfully nervous;” “I'd sure like to, but I'm due for promotion evaluation and since I've never done anything like this before, a slip-up could cause me to lose-face, or cost me a promotion;” “I think I could do it, but never having done it, I'm afraid I might 'choke' and be embarrassed.” Believe me, these responses were not invented for purposes of this article—they are true and happen every day. Each of these three responses, in and of themselves, may very well have merit. To some people, making a presentation or chairing a committee is like falling off a bridge. Others suffer from quivers, stomach pains and cold sweats. Nonetheless, in order to develop professionally and progress up the ladder of increasing managerial responsibilities—here with the OA or elsewhere—somewhere, some place that *bridge* will need to be crossed. There is no getting around it. One cannot continue to avoid the inevitable. Unless, of course, he or she seeks refuge in another position or profession where the critical skill of verbal communication may not be a prerequisite to advancement.

HOW TO CROSS THAT BRIDGE

But, where do you start? What better way to acquire this needed speaking skill than through involvement in outside organized activities. It's really a “no-cost-to-you” testing ground. Even when you fail you have learned—because success can best be described as the end result of many failings. Eventually, you will attain a certain level of know-how, seasoning or even expertise. This ability can then be translated into productive results by accepting or, better yet, volunteering for future speaking assignments. Doing a commendable job can only result in reaping in the benefits of a just reward: improved performance evaluations.

One must not overlook, however, a most important factor. That is, that while you may have benefitted individually and professionally from your experiences, the organization you served has also profitted from your efforts. Because, through the process of sharpening your skills, your work has invariably succeeded in bringing that organization one step closer to achieving its mission.

“IT'S REALLY A 'NO-
COST-TO-YOU' TESTING
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FAIL YOU HAVE LEARNED.”

ONE OF US

Take the case, for example, of an OA auditor who, historically, experienced considerable difficulty in holding entrance and exit conferences with auditees. He not only lacked organization, but was completely devoid of self-confidence. Initial exposure to, and subsequent participation as a responsible committee member in a professional organization, resulted in his gaining the needed confidence and generating meaningful improvement in his ability to conduct entrance and exit discussions. Whatever failings he may have had, or pitfalls he may have encountered while functioning in the capacity of a committee member, were never considered in assessing his on-the-job performance with the OA. Except, of course, to acknowledge and recognize his awareness of the problem and his willingness to respond to the need for improvement. Had he not gone this route, it is likely that these obviously needed experiences would have had their fair share of on-the-job failures and would have, by necessity, been considered at appraisal time. Instead, this auditor was able to develop professionally and improve his on-the-job performance. He now reaps the biggest fruit of his labors—the job of possessing that absolute quality of self-confidence.

The same holds true for communicating written facts and ideas to someone else in a clear, concise and complete manner. No one, in my opinion, ever masters the English language. The art of written communications can only be improved upon. The more one practices, the greater the likelihood that his written communications will improve. What better way to better one’s ability to communicate than to participate in the preparation of newsletters, publications, editorials, policy statements, memorandums, etc. Again, this represents an avenue which is available to you to improve a most critical aspect of your performance.

CIVIC ORGANIZATIONS AND YOU

Although the foregoing illustrations have talked about abilities developed and improved upon through participation in professional organizations, let us not look lightly upon the growth benefits available from civic organizations. While their purposes may differ, the managerial skills necessary for effective execution are similar. My participation as President of civic organizations has shown them to be inherently more challenging and difficult to manage.

Aside from professional and civic associations, you will derive no greater pleasure from, nor learn more about, what motivates people (coaches, parents, youngsters) than to manage/coach a Little League Baseball Program or even direct an entire field operation.

CONCLUSION

It matters not the type of organization you participate in—within reason of course—what is important is that you become involved. In so doing, you will be responding to your professional needs as well as those of your organization. You will become a more learned person and more effective in discharging the responsibilities of your job. You will derive greater satisfaction from the effort put forth and contribute more to your profession while enhancing your overall career advancement possibilities. In the final analysis you, as a responsible member/officer of any professional, civic or social organization, will learn to operate within a certain organizational climate and develop personal relationships between yourself and those with whom you work, and within which you must communicate, motivate and influence. These same needs and qualities apply to your everyday work with OA.

J. PAUL BOLDUC, formerly Acting Assistant Regional Director, OA, Hyattsville, Md., now serves as Deputy Assistant Secretary for Administration in Wash., D.C.

PLANNING

PROGRAM

AUDITS

— By Joseph E. Fisch

How many times have you, the field auditor, been on the receiving end of a scheduled Program Audit and wondered just how much planning went into the decision to perform it? The nature of our work, in that all of us must produce results within a given number of mandays, requires “A” to “Z” planning. If we are willing to spend X number of dollars on a job, then we should spend the required time and money to make sure the job is done right—a good product within the planned time frame. If we don’t, the job planned for 300 mandays will use 454. (Don’t ask me why, but a planned 300 always winds up 454, if we don’t handle it right.)

More often than not, the answer to the above question is: plenty. However, I have noticed some jobs with what I would consider missing elements. In my opinion, “A” to “Z” planning encompasses all of the following.

- Ideas development
- Programming
- Survey guide
- Survey
- Survey report
- Audit bulletin
- Seminar(s)
- Supervision and control

It could be argued that only the first two of the above steps constitute planning. I would agree that, strictly speaking, the point is valid. But, it is also debatable. In my opinion, the planning stage is not completed until we are into the audit proper. I feel strongly that all of the steps belong to avoid wasting manpower.

The missing elements I mentioned above are generally the third and fifth of the listed items. Survey guides are most often lacking; survey reports are most often produced only when a decision is reached not to do an audit.

NEED VERSUS TRADITION

Program audits should be based on need rather than tradition or history. Planning for these audits

can never be stabilized with on-going work with little concern being given to changes in scope, direction or dimension. This is why audit managers must be constantly alert to changes and new challenges.

The basic program audit idea is born in our five-year Audit Program. Of most immediate concern, however, is our Annual Audit Program. This document represents a current appraisal of the jobs to be done and the resources needed to do them. While I am a firm advocate of involving field personnel in all phases of audit planning, generating ideas for audits in particular, I believe the major responsibility for planning program audits rests with Headquarters. They are the ones closest to the necessary sources of information and should be on top of the various program and organization changes at both the Agency and Departmental levels. (To reiterate: I said “major responsibility.” This does not mean that field personnel are excused from coming up with ideas for program audit areas.)

FIELD INVOLVEMENT

If you can accept the above premise, the next phase in planning must more intimately involve the field professionals. They must be part and parcel to the total development of the whole package. They should be asked for input to analyze or supplement the idea. They may even go so far as to recommend its removal from the program. In asking for help from the field, Headquarters’ ideas should be planned to the point that it is clear what is wanted, why, how long it will take, when it will be done (in the next fiscal year) and who will do it. The “why” is the most important item. If the idea is something off-the-top of someone’s head, more than likely the “why” is going to be a very thin piece of paper. The merits of a sound justification can’t be denied. It reflects thought and research into potential problems, not just an effort to comply with a paper shuffling requirement: “Get something to the field.”

SURVEY GUIDES

Okay, the need for a program audit has been determined and the programming guidance has been developed and sent to the field. It has been my experi-

JOSEPH E. FISCH is a supervisory auditor headquartered at Hyattsville, Md.

ence that follow-up at this point by Headquarters should be in the form of a survey guide.

A survey guide, prepared by Headquarters, can be an effective tool to provide the audit team with the specific parameters of the job. Since it supplements manualized material on performing surveys, it need not be elaborate. If the survey guide is properly laid out, the results come easier, and better, the survey is more efficient and the lost motion associated with many jobs before they start, is minimal. The purpose of the guide should be to tell the auditors what they are to survey and how they are to do it.

The “how” should be in the form of survey steps which spell out, as a minimum:

- Who on the Headquarters’ staff will brief the auditors on the job when they arrive at Headquarters. This could be done by the head of the specific Operations’ unit or his staffman assigned to provide continuing technical guidance and assistance.
- The “leads files” which must be reviewed by the field auditor(s) doing the survey.
- Laws, Executive Orders, Departmental Regulations and agency directives which should be studied on the function(s) or program(s) being surveyed.
- Budget and/or statistical data which should be analyzed.
- List of known informed sources who should be interviewed.

The format for the survey guide should be similar to that used for an audit bulletin. The background section would be used to summarize the information that the auditor(s) will expect to receive from the Operations’ unit head (or his staffman) upon arrival at Headquarters to initiate the survey. The survey guide should be in the hands of the field auditor(s) at least two weeks before the start of the survey. If possible, the Headquarters’ unit head could set up an entrance conference and arrange for appointments with informed sources in OA, the Department and outside.

SURVEY REPORTS

One of the main purposes of the survey is to determine if an audit is actually needed. Secondly, if needed, on what and where we will concentrate our audit coverage. This is the acid test of how well the initial planning was done. A survey with little evidence of adverse conditions should be the basis for

a decision to cancel the audit and use the time and personnel on other surveys or audits. On the other hand, when a survey surfaces adverse conditions, depending on the severity of the situation, maybe what is needed is an investigation rather than an audit.

Preparation of a survey report is a must for at least three reasons. First, it summarizes the workpapers and gives the auditors and audit managers a clear picture of what has been developed. It will provide the basis for firm judgments as to the need for additional audit and will help plan the job if an audit will follow. It will aid in the preparation of the audit bulletin by the survey team and provide a reasonable basis for estimating total job requirements.

Second, if an audit is not required, it provides the basis for a report of survey results to management of the agency or agencies surveyed.

Third, it may show conditions that will serve as leads for future audits (shelf items) or the need for an entirely different audit approach. It may be the basis for a decision to add audit work to an already existing job. If nothing more, it provides management with the most important areas or programs to watch to see if they develop into trouble spots.

ESSENTIALS OF AUDIT MANAGEMENT

If the decision is made to the audit, the need for additional planning becomes important. The survey team (field auditors) will have to prepare a comprehensive audit bulletin, field test it, and hold seminar(s) to insure that everyone connected with the audit is fully aware of what it takes to do the job within the established time limits. My reference to “everyone” should be clarified. It is a must that top management be fully aware of planned audit requirements, but they should not attend seminar(s) at the expense of those who will be directly involved in on-site audit work. These, along with the survey team and at least one Headquarters’ professional, are the priority people that should attend. Management should rely on Supervisors to inform them. After all, this degree of reliance on a subordinate is one measure of his success as a manager.

Since Program Audits necessarily involve a larger number of people, it may be advantageous to hold a mid-point seminar. This is an effective means for the Audit Control Point to assess progress, shift audit emphasis and provide to all the necessary information for effective audit completion.

Of course, ongoing supervision from the Audit Control Point is an essential ingredient as only they have a good overall grasp of what is happening to the audit as a whole—nationwide. Also, ACP members have been on the audit from its inception—the survey. Ongoing supervision consists of more than reviewing status or progress reports. Regardless of the accuracy of this data, effective control cannot be achieved by using them as sole indicators of where you stand. To effectively assess job progress, a good manager is in the field as much as possible and maintains other types of communication, preferably by telephone, to stay on top of the job. This way he knows from day to day where he stands and is timely informed of the nature and type of conditions being found on-site before the report is due.

CONCLUSION

Primary development of ideas for Program Audits, regardless of whether they are initiated by field or

Headquarters' professionals, rests with Headquarters. They have best access to the needed resources which can be shared with field professionals through a survey guide. Primary responsibility shifts to the field auditors when they start the survey. Headquarters staffmen provide technical guidance and assistance from that point to the end product—a survey report or audit report.

I don't want to leave the impression that because a job was completed on time and a report generated, it was well planned. That conclusion doesn't necessarily follow. However, one thing you can be sure of—good planning and supervision will add enthusiasm to a job and is the best time generator of all. In my opinion, these factors are important to the production of a quality product.

Finally, let me here introduce a question about those generally missing elements—couldn't they be two of the most important management-by-objectives tools we have?

PENDING

S. 2626, introduced by Senator Bentsen, proposes to amend the Federal Property and Administrative Services Act of 1949 and other pertinent statutes of the United States Code in order to establish Federal policy concerning the selection of firms and individuals to perform accounting services for the Federal Government and for other purposes. The bill provides that the Federal Government shall announce publicly all requirements for accounting services and shall negotiate contracts for such services on the basis of demonstrated competence and qualifications for the type of service required at fair and reasonable prices.

The bill, on which the Department has not taken a position, has been referred to the Committee on Government Operations.

* * * * *

H.R. 13113 is a clean bill introduced by Congressman Poage after hearings were held on H.R. 11955. The bill was referred to the Committee on Agriculture.

The purpose of the bill is to amend the Commodity and Exchange Act to strengthen the regulation of futures trading, to bring all agricultural and other commodities traded on exchanges under regulation, and for other purposes. The bill will replace the present Commodity Exchange Commission with a new five-member Commodity Futures Trading Commission.

The Department has not been asked for a report on H.R. 13113. The Department recommended in testimony and a written report that H.R. 11955 be enacted if amended and suggested several amendments.

INBASKET

MEA CULPA

Like most firsts, the first issue of PULSE had its share of errors to which this half-fast marching editor must briefly address himself. All but two people in the organization called our attention to the misspelling of two key names. We don't know if we can stretch it to cover proper names, but we can try to take refuge in Andrew Jackson's statement that any educated man should be able to spell a word nine different ways. (By the way, a special note of thanks to those two people.)

For an ex-special agent, the omission of requests for articles on law enforcement and investigations is a little harder to explain. Would you believe that as the inside of the front cover was being written, the office was surrounded by thirty-five policemen all shouting "Come out with your hands up or we'll shoot?" Would you believe two? How about a little old lady selling flowers?

FLAT TIRES AND MALE CHAUVINISTS

Writing in the Winter 1974 edition of the GAO Review, Aleen M. Johnson says that when she decided to accept a job with GAO she was a little apprehensive about two things. "My major concern was centered on car trouble while away from home. A flat tire upsets me, not to mention what a mechanical problem does." But "cars are repairable anywhere, and someone is usually available to help a stranded female traveler." Her other concern? You guessed it—or at least Myrna Friedman and her sisters did—working with a predominantly male staff. "Whether I am working for the Government or in private industry, I'm sure there will always be a few who think a woman's place is as a secretary, or in the home."

Aleen points up another plus for women auditors. "Also, I believe certain situations are more easily handled with the presence of a female auditor. As an example, one of my assignments involved interviews with female welfare recipients. In discussing the interviews with other staff members, all agreed that the persons being interviewed were more receptive to the idea of an interview and were more cooperative when another female was present."

SECONDING THE MOTION

Here is an item that we wished we had thought of ourselves. The Director, Defense Contract Audit

Agency, writing in the January 1974 issue of The DCAA Bulletin: "Energy conservation is a fertile, almost untouched area for suggestions and other cash awards under the Incentive Awards Program. Honorary awards, as well, may be used to recognize organizations and employees who make significant contributions to the conservation of energy within Federal facilities.

"The opportunity for making suggestions outside Government facilities and operations exists as well. Ideas which may effect energy savings through conservation of national energy resources in industry or other parts of the private sector are welcome."

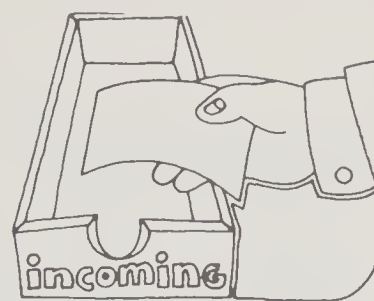
Come to think of it, that's the name of the game for auditors—suggesting ways to reduce waste and increase efficiency. Periodically, it seems, we have to be reminded to look beyond the specific audit job we are on. Did any of us who were part of the just completed conservation of energy add-on audits come up with a suggestible item?

UP THE BRICK WALL - II

The NELSON-BEST FIRST-UP PRINCIPLE holds that the first man to make his presentation has to sacrifice himself for the good of the whole. He does this by preparing himself to consume at least one-half of, say, a three hour meeting called to discuss the last six months' accomplishments. Flip charts and handouts with volumes of statistics, all of which have to be explained and explored in-depth, are essential to his task. His compatriots, waiting their turn to make their presentation, must always be ready to fire questions at the FIRST-UP to assist in attaining the group's goal. These must be kept going until serious queries are raised as to whether the questions are germane. The more sophisticated participants can sometimes, however, milk a little more time out of even this situation by arguing at length for and against the germaneness of any particular question.

MAGIC POINT in this exercise is, of course, that point when the person being briefed wonders if the other four participants can each go through their presentation in 15 minutes or less since time is running out.

A necessary part of this principle is the concept of ROTATION OF THE RABBIT. As a matter of equity, he who was last FIRST-UP goes to the bottom of the list to be replaced at the next session by a fresh rabbit. Unless, that is, the organization is



blessed with a glutton, eager-beaver, point-maker or whatever label you may choose to best categorize him. He then becomes honored by his peers as PERMANENT FIRST-UP and all around nice guy.

LETTERS TO THE EDITOR

We asked for them and got over forty. Only one, however, came from within the organization. That one was such a gem that we thought you might like to read the last, and most pertinent, paragraph.

"We do not argue with the policy of excluding investigative material, we only ask that it be consistent and exclude any submission by agent personnel. This will eliminate capricious articles on the part sex plays in the resolution of our cases. Up until now this was a well kept secret. After Myrna blew the whistle, we were forced to return Linda Lovelace's SF-171."

We hasten to admit our error (see MEA CULPA, above, and the inside of the front cover) and here-with hasten to dig ourselves out of the other pit. We were definitely not expounding the theory that sex appeal is the major investigative technique available. If you can stand one more "hasten to admit," we will hasten to admit that we enjoyed both the article and the letter.

Many of our sister audit and investigative agencies wrote us and we thought you might like to see some excerpts from their letters also. Without attribution, here are some of them.

"Your first issue of PULSE is excellent and will be hard to match in the future. . . . The articles will be helpful to all our professional staff, particularly since our functions are so similar."

"The articles are excellent and you are to be complimented on putting out this highly professional journal."

"The articles in the initial issue were excellent, and a good many covered subjects relevant to our work. . . . Please put my name on your mailing list for 12 copies for distribution to bureau audit staffs."

"Congratulations are in order. . . .for the obviously large amount of thought and hard work that went into the development of this outstanding publication. We found the contents to be extremely interesting and useful to us in our work."

"I am circulating it among members of my staff to read. The articles on surveys (Never Enough Time) and finding development (Match in the Powder Keg) were of special interest since these are areas we are currently emphasizing to our staff."

"Your first issue presents some interesting discussions on age-old problems in connection with auditing and personnel management, and should serve the purpose for which it was designed very well—that of improving communication among the staff. . . ."

First, our thanks to our correspondents for these kind words. Second, those kind words were earned, and should be continued to be earned, by the professionals who write the articles for this publication. Enough said.

CHANGE

We were struck by these two paragraphs from the Foreword to "The End of the Beginning" (Touche Ross & Co., 1969):

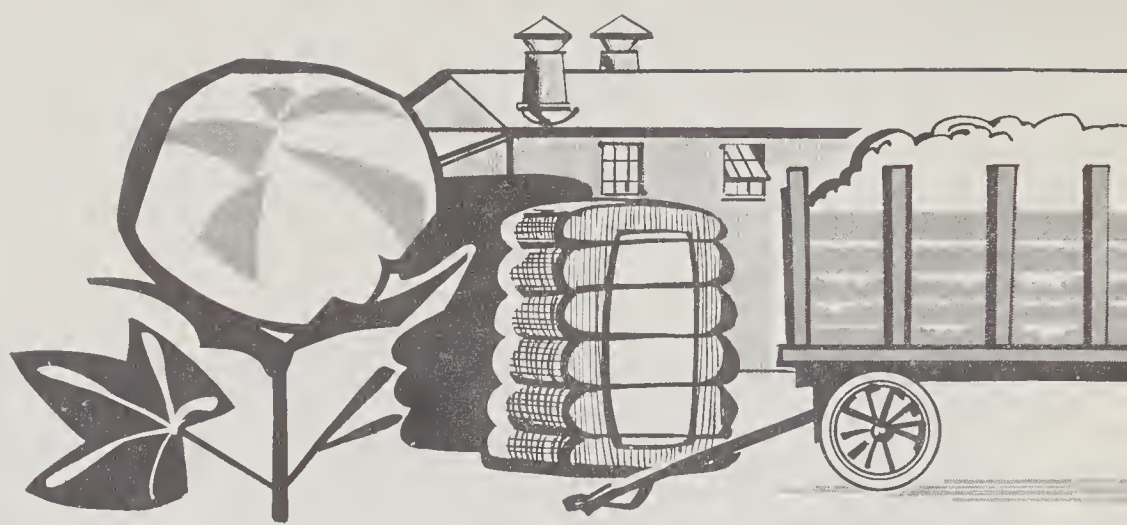
"For the last four or five years, the national media have bombarded us with dire warnings about what has been characterized as "the era of radical change". Many of us have become dulled to the realization that what is being said so often, and often so ominously, is usually true. We tend to treat the notion of exploding change as a tired cliché of speechwriters.

"Our runaway technology has indeed mounted a massive assault on some of our most treasured traditions and value systems: our concepts of morality, of work, of human organizations, of education, and even of life itself. Yet only rarely, as when we are stacked up with a dozen other planes over an airport already obsolete before it is finished, do we actually perceive the evidence of change ourselves and identify it for what it is."



A REAL PROFESSIONAL - NEVER WITHOUT
HIS CREDENTIALS.

THOSE OLD COTTON FIELDS DOWN HOME . . .



— By Otto O. Collins

With today's runaway inflation, \$6 million may or may not be a lot of money. In any event, that is the amount the Agricultural Stabilization and Conservation Service hopes to recover as the result of one OIG¹ investigation.

It all started back in April 1973, when the Texas State ASC Committee received reports of suspected irregularities in Gaines County. The Committee asked OIG to investigate. Special Agent Floyd D. Grimland and Auditor William J. Landrum, veteran Southwest Regional employees, were given the job of finding out what was going on. It appeared that a few people in Gaines County had come up with a scheme to balloon transferred acreage allotments in such a manner as to increase the dollar value of upland cotton program benefits. Agent Grimland and Auditor Landrum had to find out how it was done and who was involved. No easy task, but just the type of assignment these two professionals relished. For three months, Agent Grimland, Auditor Landrum and associates, Special Agents R.K. Jordan and Joseph I. Koonce plowed through voluminous ASCS, court, bank, real estate and corporation records. Numerous interviews were conducted. The deeper the team dug, the more evident it became that a lot of people made a lot of money through complicated mergers of land into farm packages, acquiring cotton allotments from other counties and by juggling acre yield figures.

The scheme worked like this:

A group of farmers got together and took options to buy farms with thousands of acres but having no cotton allotment and little or no cropland; the entire acreage was plowed to have it classed as cropland on the local ASCS records. These farmers then agreed to buy, conditioned upon approval of farm reconstitutions, a token acreage from a farm with a small cotton allotment. The token acreage was then reconstituted with the thousands of acres thus acquiring a cotton allotment and history and became eligible as an old cotton farm, therefore, making it possible to acquire additional cotton allotments by sale or lease.

Sound complicated? You better believe it. It was so complicated, in fact, that for a while it wasn't known if ASCS regulations or Federal laws had been violated. However, once ASCS had a chance to study the investigation report it didn't take long to decide that 160 Gaines County cotton producers involved in 12 farms, more than quadrupled the \$1.25 million support payments they should have received. It also didn't take ASCS long to tell the 160 producers that they must refund the \$6 million because they had used a scheme or device to get it. Office of the General Counsel lawyers are also checking the investigation report to see if the matter should be referred to the Justice Department for possible criminal prosecution.

Is \$6 million a lot of money? Look at it this way. It's enough to keep the Southwest Regional Office of the Office of Investigation operating for three years.

¹Now the Office of Investigation and the Office of Audit.

OTTO O. COLLINS is on the Headquarters Staff, Office of Investigation.

THE CARE AND CULTIVATION

OF THE CORPORATE GRAPEVINE

— By Keith Davis



The vice president of a large processing company, one of only a few top officers privy to plans for relocating the company to a nearby suburb, was startled one day to hear his wife upbraid him for not telling her about the move. She had heard the news from her maid.

The wife of a plant supervisor delivered her baby at 11 p.m. A company survey revealed that by 2 p.m. the next day, 46% of the management personnel already knew about the blessed event.

The middle manager of a medium-sized manufacturing company was understandably surprised when a colleague congratulated him on his promotion. The announcement had not even gone through the paperwork yet.

*Don't kill company gossip,
says one expert; listen to it.*

In all these cases, the informal communication apparatus known as the corporate grapevine was at work. With the rapidity of a burning powder train and as elusive as a summer zephyr, it filters through steel walls and glass partitions, from subbasement to the rafters, past the water fountain, the copying room, the manager's door and the porter's mop closet. It cares nothing for civil rights; it has no respect for persons or for the prerogatives of management; it will carve up and serve the big boss, the shop foreman or the pool typist with fine impartiality.

Wherever people congregate in groups, the grapevine is sure to grow. It may manifest itself in smoke rings, jungle tom-toms, taps on prison walls or just idle chitchat, but it will always be there. Indeed, the word *grapevine* has been part of our jargon ever since the Civil War, when telegraph lines were strung loosely from tree to tree in vine-like fashion and resulted in messages that were frequently garbled.

Because it is able to penetrate the most rigid corporate security with ease and cannot be held accountable for its errors, managers sometimes succumb to the wish that the company grapevine would wither and die. But the weedkiller that can

stunt its growth has not yet been formulated. It is as hard to kill as the mythical glass snake that, when struck, broke itself into fragments and grew a new snake out of each piece.

Natural and significant

For those managers who are so often "the last to know" about the grapevines's latest intelligence, it may be of some comfort to consider that it is a natural, normal part of a company's total communications system and is no more evil in itself than pain or the weather. It is also a significant force within the work group, helping to build teamwork, motivate people and create corporate identity.

The point is that every organization functions under two systems, one formal and one informal. The formal organization is the one usually shown on organization charts in which authority is delegated from one level to another according to a strict chain of command. The informal organization, on the other hand, arises from the social relationships of people, and is neither required nor controlled by management. To serve this informal organization, an informal communication system arises that is variable, dynamic and fickle, running back and forth across organizational lines and rapidly changing its course. Hence, the grapevine.

In a sense, moreover, the degree of grapevine activity is a measure of a company's spirit and vitality. If employees are so disinterested in their work that they do not engage in shop talk, they are maladjusted. If they are so indifferent about their associates they even eschew chattering about who will get the promotion, who brought in the big contract or which young executive is dating whose secretary, they are patently abnormal. A lively grapevine reflects the deep psychological need of people to talk about their

KEITH DAVIS is a professor of management at Arizona State University's College of Administration.

jobs and their company as a central life interest. Without it, the company would literally be sick.

More than merely a device to convey corporate gossip, the grapevine is an influence to be considered in all management actions. Indeed, since the grapevine's influence may be favorable or unfavorable, managers are coming to realize that to get this vine to bear desirable fruit, they must feed, water and cultivate it. To integrate the grapevine's interests with those of the formal organization, they must listen to it, study it, learn who its leaders are, how it operates and what information it carries.

Making it work

For every story on the vine, however wild and fanciful, has its root cause. If the grapevine has it that Joe is about to quit, it means that Joe's associates wish he would quit, that Joe wishes he could quit, or that Joe's wife wants him to quit. Or something else. A confidential chat with Joe himself can uncover the reason he is on the grapevine, and maybe even solve whatever the problem may be.

At the same time, the manager who finds himself constantly bypassed by the grapevine should take it as a signal that his own channels of communication can stand some dredging. For example, does he help his people get information when they need it? If so, they will be more likely to return the favor by keeping him informed. Does he talk with his staffers only when official business requires it, or does he keep in touch by chance chats in corridors, the cafeteria or even the men's room? If so, they are more likely to level with him beyond the demands of office protocol.

In this way, the grapevine gives a manager considerable feedback about what his employees are up to. It also helps interpret management to the workers so that they may be more understanding. It is especially helpful in translating management's formal orders into employee language by conveying information that the formal system does not wish to carry and purposely leaves unsaid. The supervisor who comes to work in an ugly mood because he has had a spat with his wife, for instance, can hardly announce that fact to his people. But he can forewarn them informally by putting on the grapevine the admonition, "Don't talk to the boss about a raise today."

Another fascinating feature of the grapevine is its fast pace and canny skill at cracking even the tightest company security screen. Being flexible and personal, it spreads information faster than most management

communications systems operate. One company, for example, signed its labor contract at 11 p.m., and had to keep its publications staff busy all night in order to have a suitable bulletin ready for employees arriving at work the following morning. It was the only way that the company could match the grapevine's speed and forestall undesirable rumors about the agreement.

When both the formal and informal communications channels are working effectively, they complement each other. Each carries information particularly suited to its needs and capabilities so that together the two systems build effective communication in the company.

But the two systems can also work at cross purposes, and the manager's job is to try to bring the grapevine into closer harmony with the total needs of the organization and work group. In order to do this, though, he must understand the grapevine's way of life.

Many a "last to know" executive grumbles about the grapevine because he is under the impression that it operates like a long chain in which A tells B, who tells C, who then tells D, and so on until, twenty persons later, Y gets the information—very late and very incorrect. Not so. Some grapevines may operate that way, but research shows that they generally follow a different pattern, which works something like this: A tells three or four others (such as B, R and F). Yet only one or two of these receivers will then pass on the information, and they will usually tell more than one person. Then, as the information becomes older and the proportion of these knowing it gets larger, it gradually dies out because those who receive it do not repeat it.

The "cluster chain"

This network is a "cluster chain," because each link in the chain tends to inform a cluster of other people instead of only one person. And in every cluster chain, as noted, only a few persons are active communicators on the grapevine for any particular bit of information. In one company whose grapevine activity I recently studied, 68% of the executives knew about a quality control problem, but only 20% of them passed the information along. In another company, when a manager planned to resign, 81% of the executives knew about it, but only 11% spread the news.

The reason everyone in the chain does not become a liaison for every bit of information is that the grapevine is more a product of the situation than it is of the person. People tend to be active on the grapevine when events cause them to be, especially during periods of excitement and insecurity. Given an impending layoff of personnel or the installation of a new computer, the grapevine hums with activity.

This element of cause and predictability is important because it offers management a chance to influence the grapevine. At times when the grapevine is crackling with vibrations, executives need to watch it with extra care and feed it true information to keep it from getting out of hand.

While it is true that some gossipy types are more often to be found working in the grape vineyard than others, there is no evidence that any one person or group consistently acts as liaison to the exclusion of all others. Given the proper situation and motivation, anyone in an organization can become a grapevine activist. In three successive surveys I made of one group of sixty executives, the liaison individuals were different in each instance.

Nevertheless, based on empirical observation, certain conclusions can be drawn about the corporate grapevine. The first, of course, is that the greatest spread of information occurs immediately after it is known. The second is that people are most apt to feed the grapevine when their friends and work associates are involved. This means that if Executive A is to be promoted or Executive B fired, employees need to know the true story as soon as possible. If they are not informed, they will fill in the gaps with their own conclusions.

Since the grapevine exists largely by word of mouth and by observation, it is most active in office situations that regularly bring people into contact with each other. For example, in one company the chief link between two offices was one manager's secretary, who stopped by the other office right after lunch every day to pick up reports. In another office, the link was an accounting clerk who phoned 300 yards across the company property each morning to get certain cost data.

It may be a cliché, but it is nevertheless true that the secretary plays a key role as liaison agent in the grapevine. Since she processes her boss' correspondence, greets visitors, make appointments and often acts as her employer's confidante, she is strategically located as a communication center in the work system, and is

the one most likely to feed the grapevine. On the other hand, I hasten to add that the corporate grapevine is very much a coeducational institution, in which the men are no less active in spreading news than the women.

The grapevine vs. rumor

If the corporate grapevine enjoys something less than the high regard of management, it is because of its undeserved reputation as a rumor factory. But rumor and the grapevine are not the same; rumor is a part of the grapevine—the injudicious and untrue part that is communicated without factual evidence to back it up. Rumor should, of course, be stopped as soon as possible. For research shows that once a rumor is known and accepted, employees tend to distort future happenings to conform to the rumor.

Take the case of John Worker, who cut two fingers of his left hand at his machine one morning, and was sent to the dispensary for first aid. The farther from John's department the story traveled, the more gruesome were his injuries, until finally the story had him losing his left hand. Alert supervisors at the company, observing the effect of the rumor on morale, promptly investigated the facts and announced over the public-address system that the most serious injury treated that morning was two cut fingers of a machine operator, who received treatment and returned to his job. No mention was made of the rumor itself, but the announcement brought it under control.

Since rumors are generally incorrect, an outcropping of them can be as crippling to an organization as a tornado—and usually cause as much damage. Rumor should be dealt with firmly and consistently, but the manager must also be careful about what he attacks and how he attacks it. It is folly to strike at the entire grapevine merely because it happens to be the agent that carries the rumor. That approach would be as injudicious as throwing away a typewriter because of a few misspelled words.

Because its errors are more dramatic and consequently more impressed on the memory, people think that the grapevine is less accurate than it really is. Actually, the reverse is true. My own research indicates that in normal business situations, between 75% and 95% of grapevine information is correct, even though most of the stories are incomplete in detail.

Of course, that 5% to 25% error can be vital to the truth of the story. I recall, for instance, one grape-

vine story about a welder marrying the general manager's daughter that was true with regard to his getting married, the date, the church and other details. The one wrong fact in the report was that the girl was not the general manager's daughter, but merely had the same last name. Yet this one fact made the whole story erroneous—even though the rest of it was correct.

Such inadequacies of the grapevine mean that, in total, it probably produces more misunderstanding than its small percentage of wrong information suggests. And for that reason alone, many a manager is given to fantasizing about the day he can post a notice on the bulletin board saying: "Effective at 12:00 noon tomorrow, the grapevine in this office is abolished."

That is mere wishful thinking. For the evidence is rather conclusive that homicide will not work with the grapevine. If we suppress it in one place, it pops up in another.

Moreover, the sinuousness of the grapevine—its ability to move in all directions within and outside the organization—is a fact of corporate life. Those managers who do not accept it, respect it and cultivate open channels of communication to offset it may continue to find themselves out of touch with what is really going on in the company. They may also be the subject of the next story on the corporate grapevine. □

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DEAR READER:

To renew an offer, space will be used to print letters addressed to this journal. If a letter needs an answer, we will try to get it and print it below the letter. We will always try for the best possible source for the answer.

Letters are welcome on any subject—about this journal and articles in it; the organization; your work; your problems, ideas, hopes, dreams, and ambitions.

Please address your letters to: Robert J. Hopkins, Editor, PULSE, Office of Audit, U.S. Department of Agriculture, Washington, D.C. 20250. They should be signed; names will be withheld from publication upon request.

—The Editor

PROMISES

Keep them. If asked when you can deliver something, ask for time to think. Build in a margin of safety. Name a date. Then deliver it earlier than you promised.

The world is divided into two classes of people: the few people who make good on their promises (even if they don't promise as much), and the many who don't. Get in column A and stay there. You'll be very valuable wherever you are.

Your might suppose that the higher you go in the ranks of business executives, the more word-keepers you find. My experience doesn't substantiate this. I've been welched on by a big bank president, the number two man of a major finance company and various investment banking house partners. I only know four people who I'm sure won't break their word at any price.

*(UP THE ORGANIZATION by Robert Townsend,
Fawcett Publications, Inc.)*

SPOTLIGHT



Membership in professional associations benefits the profession, the association, the member and the member's employer. The list of associations to which Office of Audit people belong reflects a wide range of interests. In addition to the vital memberships in the Federal Government Accountants Association, Institute of Internal Auditors, the American Accounting Association, the National Association of Accountants and the American Institute of Certified Public Accountants, consider these: Beta Alpha Psi, the Society of American Foresters, Association of Federal Investigators, Data Processing Management Association, American Economic Association, Intergovernmental Affairs Forum and various State Bar Associations. And that listing doesn't cover them all.

The degree of benefit to any profession, association and member rests squarely on the degree of involvement of the members. Spotlighted below are some of the OA people who are currently contributing an extra measure of professionalism.



B. F. ROBINSON

Just listing Ben's major jobs, interests and areas of involvement takes three single-spaced typewritten pages. His current job, Acting Assistant Director, is the latest position he has held with OA and its predecessors. He has been the Assistant Inspector General for both Analysis and Evaluation and Policy and Plans; Manager of Model Achievement; and, Acting Regional Inspector General, Midwest Region.

A graduate of Indiana University, where he taught accounting as a Graduate Assistant (while taking graduate courses in Economics), he has been a member of IIA and FGAA since 1958 and 1954, respectively. In the former, he has served in numerous capacities in the Washington

Chapter, including Governor, Treasurer, Vice President and President; at the International level, he has served as Vice President, Mid-Atlantic Region, and now is serving a 3-year term as Director from the same region.

In FGAA, he has been on the Board of Directors of the 1,300 member Washington Chapter for several years as well as having served as President. Space doesn't permit the listing of all of the numerous committees he has served on in both associations.



ROBERT N. LEARD, JR.

Robert N. Leard presently holds a position on the Board of Directors of the San Francisco Chapter of the Federal Government Accountants Association. He is an auditor with the Office of

Audit, Western Region, San Francisco, California.

He was employed with the General Accounting Office as an Auditor prior to his employment as an auditor with the Office of the Inspector General in December of 1965. Bob is single and lives in San Leandro, California.



EDWARD T. BAKER, JR.

Ed Baker, the much traveled auditor, joined the Internal Audit Division of the Commodity Stabilization Service after graduation from the University of Rhode Island in 1958. He has accumulated eleven years auditing experience with USDA sandwiched in between positions with the Bureau of Chief Postal

Inspector (where he was a supervisory internal auditor); as an Operations Assistant with the Pennsylvania ASCS State Office; and as an auditor with the Economic Development Administration and Office of Audits, Department of Commerce.

Ed, a former Marine, is active in the Federal Government Accountants Association where he serves as Membership Director of the Boston Chapter and helped formulate the Chapter's first annual seminar. He is also a member of the National Association of Accountants.



MARY E. DUNLAP

Mary Dunlap was recently elected 1st Vice President, District of Columbia Chapter, American Society of Women Accountants (ASWA). Mary also has served as Treasurer of the D.C. Chapter and is a past President of the St. Louis Chapter. ASWA, affiliated with American Woman's Society of Certified Public Accountants (AWSCPA), has 92 chapters with more than 5,000 members engaged in all areas of accounting.

A native of Humboldt, Tennessee, Mary attended West Tennessee Business College and earned a Certificate in Accounting

from Washington University in 1960 after attending night classes. She has completed several courses in data processing, systems analysis and design.



CHESTER M. GNADT

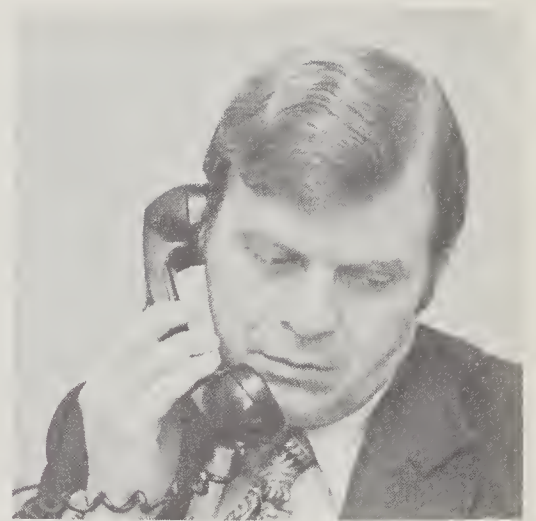
Chester M. Gnadt started working for the Department of Agriculture in March 1962. He spent about 1½ years in the Accounting Operations Division, Kansas City Data Processing Center, then transferred to the Office of Audit. Chet is presently supervisor of the Kansas City Residency Staff.

Chet said he thinks everyone dreams of "going into business for himself" and he was no exception. In 1955 he cashed in his investments and savings and bought a motel in Sherman, Texas. He was owner-operator of the motel until the State Highway Department bought his business in 1961 for expressway purposes.

Prior to that he was chief accountant for a clothing manufacturing corporation and for an automobile parts manufacturer.

Other experiences were in aircraft manufacturing, munitions manufacturing, and mining-milling supply wholesaling.

Chet, who serves as the President of the K.C. Chapter of the FGAA, was born near Joplin, Missouri and has always lived in the Midwest.



DONALD J. NELSON

Don Nelson started with the Department in 1957 as an Auditor with one of the predecessor agencies of Office of Audit. 1970 to present, he has worked in Operations and is currently acting as Deputy Associate Director, Farm Programs.

Mr. Nelson joined the Institute of Internal Auditors in 1971 and for the past year, served as Committee Chairman for Publicity and Public Relations of the Washington Chapter.



ALAN G. ANDERSEN

Alan Andersen is the Publications Director for the Minneapolis-St. Paul Chapter of the Federal Government Accountants Association. Mr. Andersen has worked for the Office of Audit for five years, and has been attached to the resident staff at the Minneapolis Commodity Office for the past three years.

CAPITOL TRACK



In summarizing his statement before the Congressional Joint Economics Committee on February 28, 1974, on the 1974 Economic Report of the President, Secretary Butz advised that “. . . 1974 will be another strong year for agriculture. World and domestic demand is strong and supplies are likely to remain fairly tight. Farm prices for both crops and livestock will average higher than in 1973, but with stocks generally low, markets will continue sensitive to changes in prospect for the growing crops.

“Farmers will pay much higher costs of production and will find supplies of many inputs short of requirements and priced very high. Though shortages may be critical in local areas, generally farmers will be able to get the crops in, tend them, and harvest them. Given good weather, they will produce a record output this year, demonstrating once again that given the stimulus of a free market environment, farmers can and will produce for abundance. The increased supplies coming on the markets beginning in summer will ease much of the pressure on retail food prices. They should begin to stabilize by summer.

“Although farmers’ prices and production will increase, their costs are rising even faster. Consequently, the net income realized will be down \$1 to \$2 billion from the high level of 1973. The 1974 income still will be second highest on record by a good margin.”

On March 4, 1974, before the Subcommittee of the House Appropriations Committee, the Secretary said, in substance, that agriculture and farmers have done well this last year and that the improved financial standing has come from the marketplace, not from the taxpayers’ pocketbooks through government subsidies. Farmers are not only fulfilling our own domestic needs but are responding powerfully to new world pressures and crop shortfalls. They have played an important role in stabilizing the dollar, strengthening our international trade posture, and helping pay for much needed oil and consumer goods that add to the level of living of all Americans.

The Secretary, in highlighting his 1975 budget, noted, in part, that direct payments to producers amount to only \$461 million compared with \$2.5 billion in 1974 and \$3.9 billion in 1973. The amount of money expected to be spent for the operations of the Commodity Credit Corporation will be well below \$1 billion—the lowest amount since 1958. “On the other hand,” the Secretary said, “the food programs of the Department which include food stamps, child nutrition program, commodity donations excluding P.L. 480, supplementary family feeding programs and nutrition education will amount to about \$5.9 billion in 1975. This will be about 64 percent of the Department’s cash outlays in 1975. Only six years ago, in 1969, those same programs cost \$1.2 billion and represented only 14 percent of the Department’s budget.”

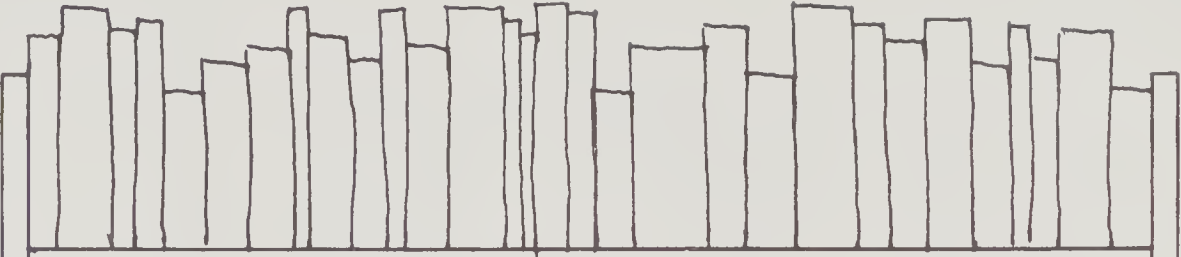
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Reflective of the cross utilization of professionals in the Office of the Inspector General is the fact that the Office of Audit has some members of the bar while the Office of Investigation boasts several Certified Internal Auditors. There are about 120 CIA’s and 30 members of the bar, most of the former in OA, the latter in OI. At last count there were at least 15 Certified Public Accountants in OA.

It is worthy of note that several recent want ads in the Wall Street Journal indicate that only CIA’s and CPA’s need apply.

BOOKSHELF:

bargains in good reading



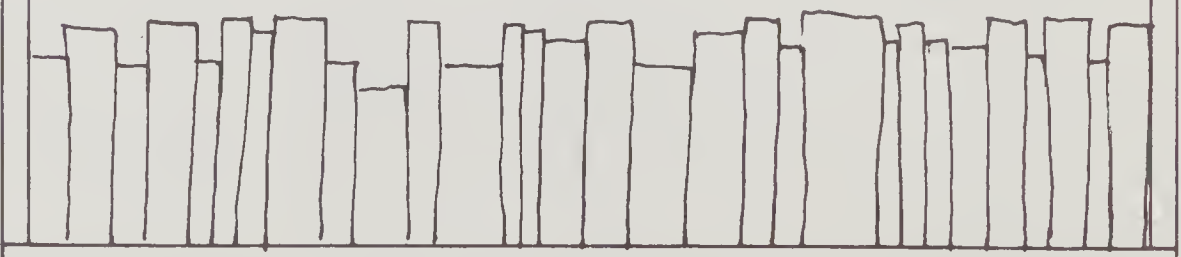
What Color is Your Parachute? Richard Nelson Bolles (Ten Speed Press, Box 4310, Berkeley, California 94704—\$3.95). Laced with humor, this very practical manual is useful again and again—whether you are a high school student or someone facing the question of what to do in retirement, or somewhere in between those two experiences.

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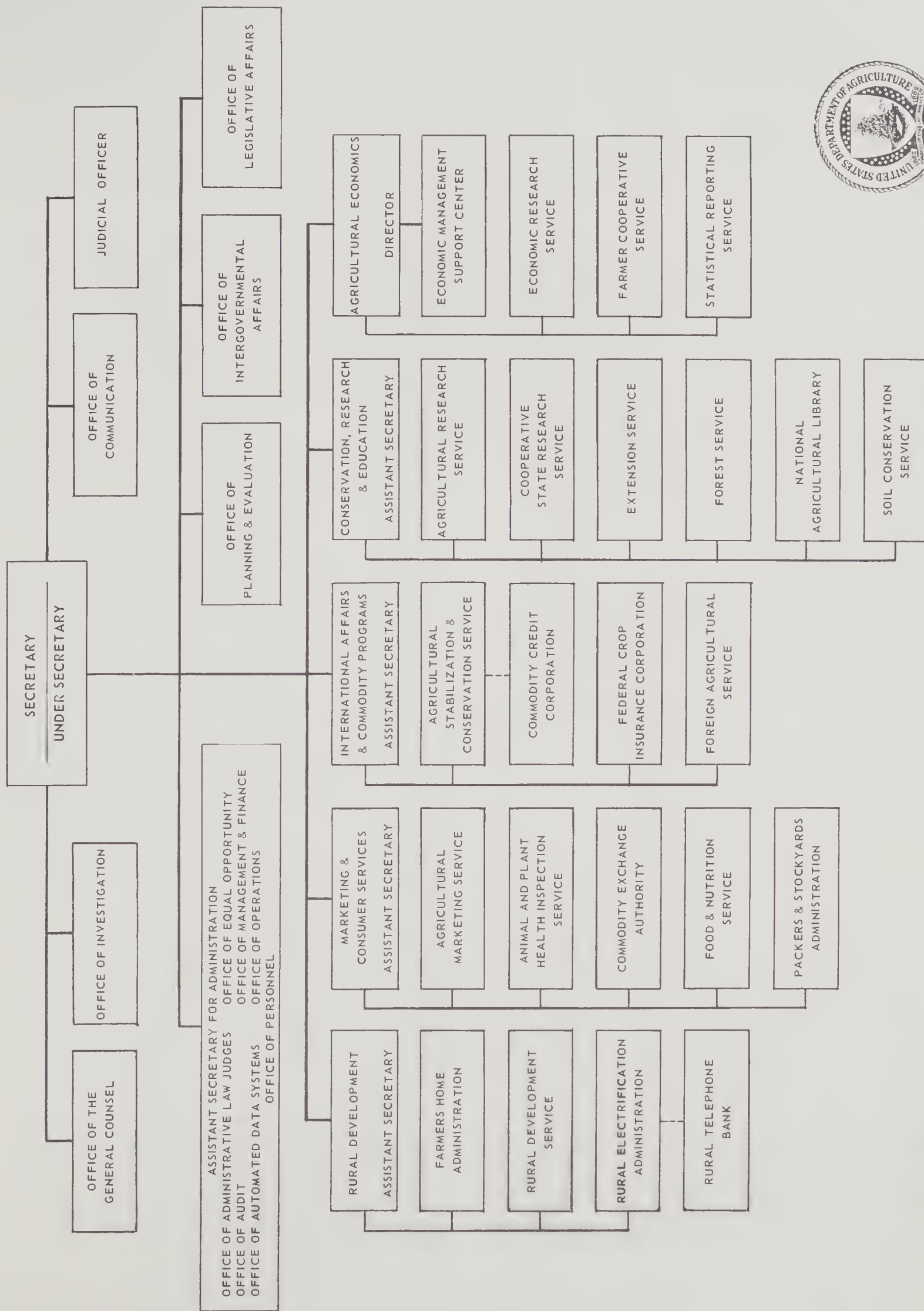
I Ain't Much, Baby—But I'm All I've Got. Jess Lair (Doubleday & Company, Inc., 501 Franklin Avenue, Garden City, New York 11530—\$2.95). Why am I so concerned about: Who am I? What am I? Where am I? Like all big problems in life, this has been covered in Peanuts. The dog Snoopy is lying on top of his dog house in a very dark night and he's asking himself: "Who am I? Will I come to a happy death?" He is having one of those terrible times in the night and he's so despondent and depressed. When the sun finally comes up, Snoopy goes to sleep and the kids walk by and say: "Isn't it wonderful to be a dog? You can sleep all the time." Snoopy opens an eye and says, "No, only when the sun is up."

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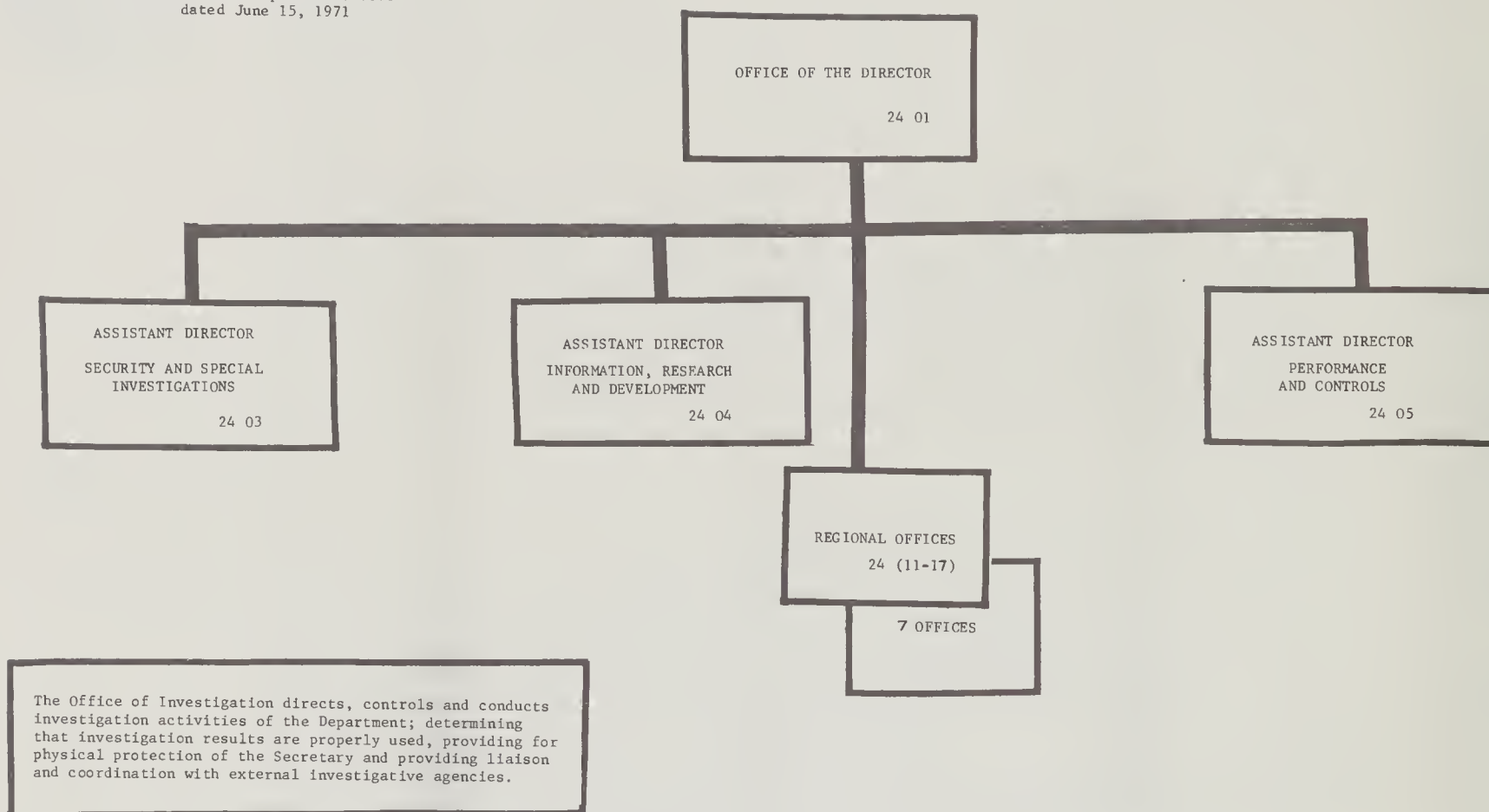
U.S. DEPARTMENT OF AGRICULTURE



UNITED STATES DEPARTMENT OF AGRICULTURE
OFFICE OF INVESTIGATION

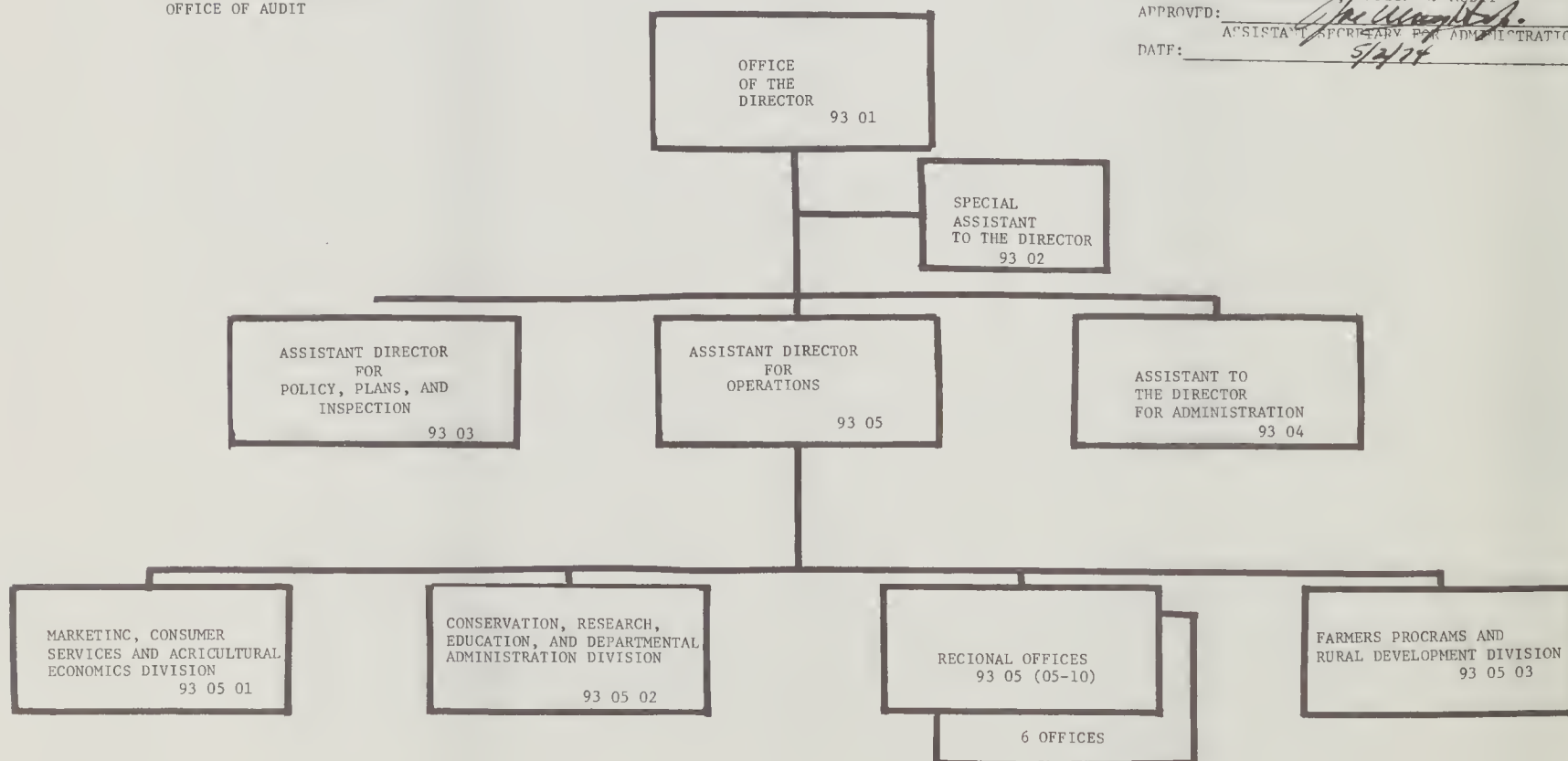
RECOMMENDED: John V. Gargano
DIRECTOR, OFFICE OF INVESTIGATION
APPROVED: John V. Gargano
ASSISTANT SECRETARY FOR ADMINISTRATION
DATE: _____

Supersedes the chart for the
Office of the Inspector General
dated June 15, 1971



U. S. DEPARTMENT OF AGRICULTURE
OFFICE OF AUDIT

RECOMMENDED: Donald J. Green
DIRECTOR, OFFICE OF AUDIT
APPROVED: John V. Gargano
ASSISTANT SECRETARY FOR ADMINISTRATION
DATE: 5/2/74



The mission of the Office of Audit is to direct or control all audit activities for the Department in order to provide timely, comprehensive, independent appraisals on which action can be taken; to formulate audit policy, plans, and procedures; and to make recommendations for action.

Partially supersedes the chart
for the Office of the Inspector
General dated June 15, 1971.

PERSPECTIVE

The recent reorganization establishing the Office of Audit, has caused some critique of the past and speculation about the future. Our look into the past, should be for the purpose of making a constructive evaluation of our activities as a team and as individuals. Our aim should be to consider and correct any shortcomings and to identify and build on our many solid accomplishments.

Looking toward the future, we should view this reorganization as a real opportunity for self renewal, self improvement and advancement, again both as a team and as individuals.

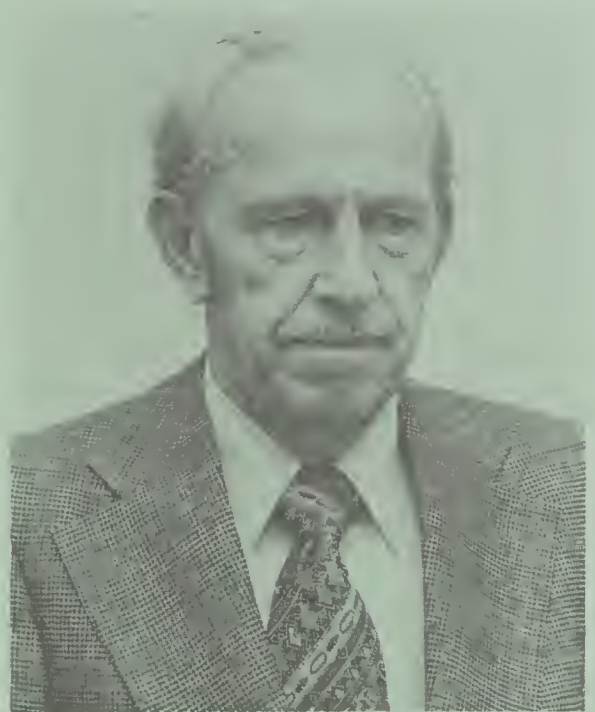
The Office of Audit will continue to have responsibility for conducting audits in accordance with published GAO standards. In addition, we will be charged with coordinating our audits, especially those involving operation and management reviews, with evaluations and studies performed by the Office of Management and Finance and the Office of Planning and Evaluation. We expect to be called upon to participate in various reviews of studies for these offices. We may also be asked to join with agency personnel and others as part of an ad hoc team to do special studies for the Assistant Secretary for Administration. This means we will have to some extent a better insight into and empathy toward agency program objectives. We foresee that working with the Office of Management and Finance will involve us in auditing budget formulation and execution, and validating data supporting budget requests.

In the future, where we make major recommendations for change, we will need to analyze and report the cost versus the benefit of implementing our various alternative suggestions.

We certainly can count on the need for a greater knowledge of and dependence upon computers for the development of audit leads. We will need to know much more about the operation and management of computers.

All of the above points towards the need for greater expertise and present a challenge to us to make a real effort to improve our skills.

We can do it if we try.



BROADAWAY G. FRAZIER
*Acting Associate Director,
Operations*

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